

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS  
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT General Services Agency – Airport Services	(2) MEETING DATE 5/13/2014	(3) CONTACT/PHONE Kevin Bumen 781-5205	
(4) SUBJECT Request to approve Amendment No. 2 to the Lease and Operating Agreement with Aviation Consultants, Inc. (ACI) to reduce the size of Site G at the San Luis Obispo County Regional Airport. District 3.			
(5) RECOMMENDED ACTION It is recommended that the Board approve Amendment No. 2 to the lease agreement with Aviation Consultants, Inc. (ACI) to reduce the size of Site G by 4,356 square feet as a result of the East Side Access Road Project which was necessary to make adjustments for the potential new terminal building located at the San Luis Obispo County Regional Airport.			
(6) FUNDING SOURCE(S) Site G rent payments	(7) CURRENT YEAR FINANCIAL IMPACT - \$199.65 (reduced rent rev.)	(8) ANNUAL FINANCIAL IMPACT - \$2,395.80 (reduced rent rev.)	(9) BUDGETED? No
(10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. ____ ) <input type="checkbox"/> Board Business (Time Est. ____ )			
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input checked="" type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR)  N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: N/A <input type="checkbox"/> 4/5 Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP Attached	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A    Date: <u>2/26/2008</u>	
(17) ADMINISTRATIVE OFFICE REVIEW  Emily Jackson			
(18) SUPERVISOR DISTRICT(S) District 3			

# County of San Luis Obispo



TO: Board of Supervisors

FROM: General Services Agency / Kevin Bumen  
781-5205

DATE: 5/13/2014

SUBJECT: Request to approve Amendment No. 2 to the Lease and Operating Agreement with Aviation Consultants, Inc. (ACI) to reduce the size of Site G at the San Luis Obispo County Regional Airport. District 3.

## **RECOMMENDATION**

It is recommended that the Board approve Amendment No. 2 to the lease agreement with Aviation Consultants, Inc. (ACI) to reduce the size of Site G by 4,356 square feet as a result of the East Side Access Road Project which was necessary to make adjustments for the potential new terminal building at the San Luis Obispo County Regional Airport.

## **DISCUSSION**

In 2008 General Services Agency – Airport Services commenced road work on a project on Airport Drive known as the 'Eastside Access Roads project'. This project consisted of improvements to Airport Drive including grading, widening portions of the road from two to three lanes, replacement of sewer, storm drain, water and gas utilities, and installing underground utility conduit infrastructure. The work, funded through a Federal Aviation Administration (FAA) grant and Passenger Facility Charges (PFC), was in anticipation of the development of a new terminal building. The project was completed in 2009.

As a result of the project, Site G (adjacent to the planned potential new terminal site) has been impacted with a reduction in the overall size. Site G is approximately 1.22 acres in size or 52,931 square feet. The work completed in the project reduced the size of the Site by approximately 4,356 square feet for a total area of 1.12 acres or 48,575 square feet.

This site is under a long term lease with Aviation Consultants, Inc. (ACI) also operating as the San Luis Jet Center. Site G is incorporated into the lease agreement with Site A. The two sites are neighboring parcels developed with hangar and office space along with aircraft parking.

Since project completion, the tenant has had beneficial use of the area to be removed from the lease for customer and employee parking. Upon approval of this amendment, Airport Services would continue to allow use of the space for parking by the tenant under a month to month rental agreement until such time as the proposed new terminal is constructed.

In preparation for the potential new terminal, and to officially document the change to the site, Amendment No. 2 to the lease with ACI for Site G will incorporate these changes and reflect a new legal description and map.

## **OTHER AGENCY INVOLVEMENT/IMPACT**

County Counsel has reviewed the lease amendment for form and legal effect.

## **FINANCIAL CONSIDERATIONS**

With the reduction in the size of the overall site there will be a reduction in rent paid by the tenant to the Airport. Rent at Site G is calculated based on a per square foot charge of \$.55. This rental rate is not expected to be adjusted based on the appraisals completed in 2012. However, the lease does call for an appraisal and an adjustment to the rent based on fair market value to occur in 2019. The current rent for Site G is approximately \$29,217 annually or \$2,434 a month. The reduction in size will result in reduced revenue to the Airport Enterprise Fund in the amount of \$2,395.80 annually or \$199.65 per month.

The Airport will continue to allow use of the space for parking by the tenant. Use and a rental rate will be addressed under a month to month agreement, developed between Airport Services and the tenant once the amendment is approved, until such time as it is needed for the terminal. Airport Services anticipates receiving an amount comparable to the rent reduction identified above. When needed for the terminal this area will become an approach lane allowing for pick up and drop off of passengers.

## **RESULTS**

Approval of the lease amendment will properly document changes to the lease site and allow Airport Services to be in a position to continue to move forward with the potential new terminal contributing to the goal of a more livable community.

## **ATTACHMENTS**

Attachment 1: Site G Vicinity Map

Attachment 2: Lease Amendment